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Die Preisbildung an der Wertpapierbörse, insbesondere auf dem Industrieaktienmarkt der Berliner Börse. By DR. PRION. (Leipzig: Duncker und Humblot. 1910. Pp. xii, 216. 7 m.)

In this monograph we have an excellent exposition of the principles underlying valuation or forming of prices with special reference to actual conditions on the Berlin stock exchange. Incidentally it will open up to American students of money markets and monetary problems a good view of German experience with those affairs, especially since 1871, when the nationalization of Germany brought new economic, as well as political, life to her people. The problems have been much the same as we find in American experience: an exceedingly rapid growth in wealth and population; the creation of enormous values, which shifted, easily perhaps, into the hands of the few; and finally speculation, and stockjobbing of all kinds, evils which the old laws and conditions had not contemplated. But the highly centralized power of the government of Germany did not keep its hands off stock market affairs as we in democratic, individualistic America have done.

According to Dr. Prion the old law of supply and demand, especially in mechanically fixing prices, is to be given up; in its place he puts *denkende und handelnde Menschen* (thinking and profit-seeking men) as determining factors. From this point of view he marshals the material, arranges its presentation, and draws conclusions. In the first part, which deals with the inner structure of the Exchange, we find a good exposition of the elements of the Berlin Market. The personal factors are described under the captions of Speculators, Investing Public, and Banks and Bankers. With these speculators, large and small, professional and unprofessional, the "initiated" and the "lambs," as well as with the banks and brokers, we are familiar in America. Under technical market factors are discussed "Termingeschaeft," i. e. dealing in futures, and "Kassageschaeft," or regular cash business. The formation of the classes of the "Baissiers" (bears) and the "Haus-siers" (bulls) is brought out as well as the part that these play in fixing market prices.

The economic factors in valuation are well handled; first, a discussion of the value of stocks in general, how the value is built up from their dividends or the incomes from them; and second, the influence of the *Geldmarkt* and the *Kapitalmarkt* (loan-fund-market) upon the fixing of the prices of stock.

In the Second Part we have an application of these general principles with especial reference to the course of affairs in the Berlin money market. The price formation of stock values on the market, using the market for "Industrials" in particular, is traced during the period of rising prices in 1889-1890, the crisis of 1890, and the consequent depression from 1890 to 1894; then, during the second period of rising prices through the flurry of 1895 and the period of the Stock Exchange Law of 1896, followed by six years of prosperous times up to 1902; and finally a lower but steadier level of prices on up to 1907. Five excellent charts showing the rise and fall of market quotations, the capitalized dividend value, etc. accompany this part of the text.

The conclusions reached are that the market values of *Termin-geschaef*t (contracts for future delivery) varied much more widely from their true worth than did the market values of *Kassageschaef*t (regular cash business). Also during the critical periods of 1890 and 1895 the fluctuations were more violent in *Termin-geschaef*t than in *Kassageschaef*t. After the Stock Exchange Law of 1896 the market values adjusted themselves more nearly to their real worth. A critical survey of economic literature discloses that these conclusions are at variance with the other leading authorities, as Cohn, Spiethoff, Bachmann, and others. On Market Reform, Dr. Prion concludes that the improvement in price formation on the stock market is due to the coming-in of the more conservative and responsible big men and institutions as factors in the money market. To attain the most perfect market conditions possible, however, there must be placed before the whole public a complete knowledge of market forces and market conditions, even in the *Hochschulen* and *Volkschulen*. Thus the people at large will be acquainted with the fundamental principles of "Geld," "Kapital," "Verzinsung," "Anlage," "Kredit," etc. As an exposition of stock market conditions in Germany this book is eminently worth while.

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NEW BOOKS

BISHOP, W. G. *A short course in business training for normal schools, high schools, teachers, and independent students.* (Chicago: The University of Chicago. 1911. Pp. v, 138. 90c.)

CARNEGIE, A. Editor. *Business.* (Boston: Hall & Lock Co. 1911. Pp. xiv, 401.)